

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 AGR-05 L-03 H-02 /090 W
----- 120588

R 261410Z APR 76

FM AMEMBASSY ANKARA

TO /SECSTATE WASHDC 3328

INFO AMEMBASSY LONDON

AMCONSUL ADANA

AMCONSUL ISTANBUL

/AMCONSUL IZMIR 7238

C O N F I D E N T I A L ANKARA 3296

E.O. 11652: GDS

TAGS: BDIS, TU

SUBJ CONTINENTAL GRAIN CLAIM ON WHEAT CONTRACT.

REF: STATE 98188

1. I BELIEVE THAT A HIGH LEVEL MEETING SUCH AS PROPOSED
IN STATE 98188 BETWEEN PRIME MINISTER DEMIREL AND MESSRS.
SORENSEN AND FOLCK WOULD OFFER THE BEST CHANCE OF WORKING
OUT AN ACCEPTABLE RESOLUTION OF CONTINENTAL GRAIN'S LONG
STANDING CLAIM AGAINST THE TURKISH GOVERNMENT AGENCY TMO.
IF THE DEPARTMENT CONCURS, I WILL SEND A NOTE TO
THE PRIME MINISTER INFORMING HIM THAT SORENSEN AND
FOLCK WOULD LIKE TO DISCUSS THIS MATTER WITH HIM AT AN
EARLY DATE AND, IF HE IS WILLING, THAT THEY ARE PREPARED TO
COME TO ANKARA AT THE TIME HE MAY SUGGEST. AT THE SAME
TIME, I RECOMMEND THAT CONTINENTAL GRAIN OFFICIALS MAKE
A VIGOROUS APPROACH TO TURKISH AMBASSADOR ESENBEL IN
WASHINGTON TO SUPPORT THIS REQUEST FOR A MEETING. I
WOULD PREFER TO WAIT UNTIL WE GET A REACTION FROM THE
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ABOVE APPROACHES BEFORE CONSIDERING POSSIBLE ALTERNATIVES

IN THE EVENT THAT A MEETING WITH THE PRIME MINISTER IS
NOT RPT NOT POSSIBLE.

2. I BELIEVE THE CHANCES OF ARRANGING A MEETING WITH
THE PRIME MINISTER WILL BE BETTER IF IT CAN BE MADE CLEAR
FROM THE OUTSET, WITHOUT GIVING UP ANY OF CONTINENTAL
GRAIN'S RIGHTS IN THIS MATTER, THAT THE PROPOSED VISIT WILL BE TO EX-
PLORE MEANS OF FINDING A MUTUALLY ACCEPTABLE SOLUTION
AS SUGGESTED IN PARAGRAPH 1 OF REFTEL AND NOT JUST PRESS-
ING FOR FULL SETTLEMENT.

3. WE ARE PREPARED TO CONTINUE OUR EFFORTS TO GIVE THE
US FIRM OUR FULL SUPPORT FOR ALL APPROPRIATE EFFORTS TO
RESOLVE THIS MATTER. CONTINENTAL GRAIN OFFICIALS SHOULD
HOWEVER, BE AWARE THAT TURKEY HAS BEEN HAVING CONSIDERABLE
BALANCE OF PAYMENTS DIFFICULTIES. ITS FOREIGN EXCHANGE
RESERVES HAVE BEEN DRAWN DOWN SHARPLY DURING THE PAST 18
MONTHS AND THE GOT HAS HAD TO RESORT TO HEAVY SHORT-TERM
BORROWINGS TO MEET ITS ESSENTIAL NEEDS. AS A CONSEQUENCE, AND
IN VIEW OF THE MANY HEAVY AND CONFLICTING DEMANDS ON ITS
SCARCE AND BELEAGUERED FOREIGN EXCHANGE RESERVES, THE GOVERN-
MENT WOULD FIND IT EXTREMELY DIFFICULT - FINANCIALLY AND POLITICALLY -
TO COME UP WITH THE \$40 MILLION INDEMNITY THAT IS CONTEMPLATED BY THE

GAFTA AWARD. THIS IS NOT TO SUGGEST THAT CONTINENTAL'S CASE SHOULD
NOT BE VIGOROUSLY PRESSED BY CONTINENTAL REPRESENTATIVES AND
STRONGLY SUPPORTED BY ALL EMBASSY OFFICIALS. IT DOES
SUGGEST THAT PRESENT PROSPECTS FOR FULL PAYMENT ARE NOT
REPEAT NOT GOOD.
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